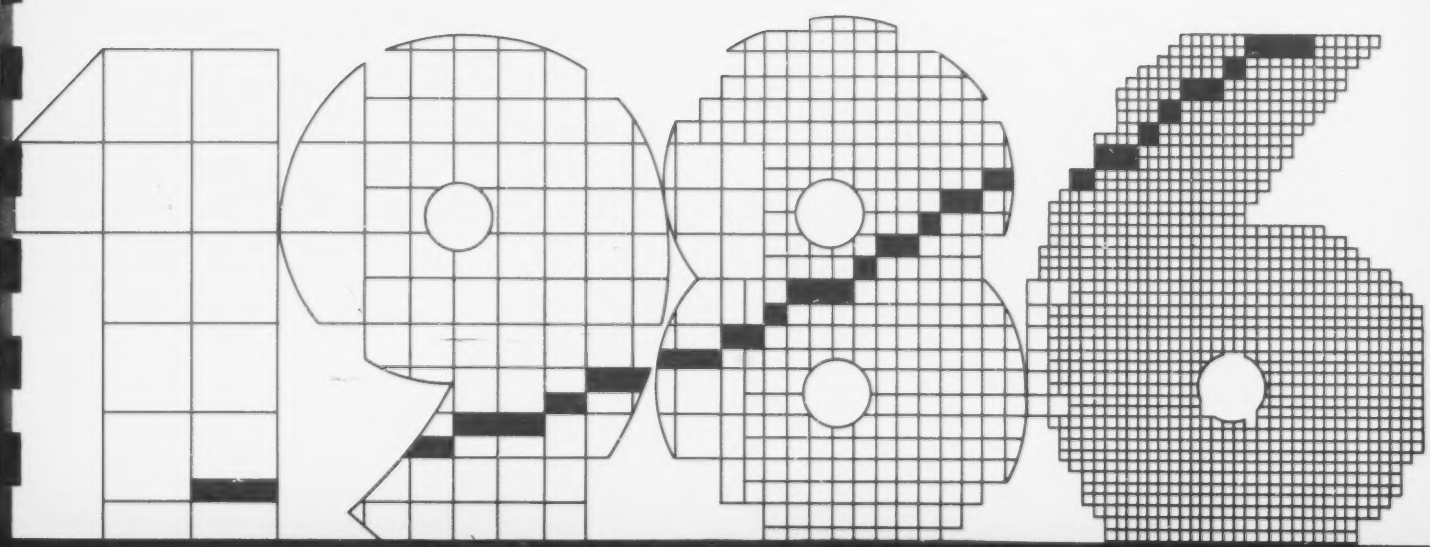
1986
Financial
Ratio
Study

Quick Printers'
Ratios

Volume XIV

AP740-1.4U 10/86



63RD annual ratio study compiled from the operating statements and balance sheets submitted by representative members of the printing industry, and computed by RGS Enterprises, Inc., 1 Carlisle Drive, Arnold, Maryland 21012.

1986 FINANCIAL RATIOS

QUICK PRINTERS

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PRINTING INDUSTRIES OF AMERICA, INC.

Member Programs Group
1730 North Lynn Street
Arlington, Virginia 22209

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Printed in U.S.A.

H. R. MARGOLIS COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

OFFICES
PHILADELPHIA
NEW YORK

Dear Quick Printers:

H. R. Margolis Company is pleased to have once again participated with PIA and the graphic arts community in compiling these financial ratios. In all, 979 graphic arts firms of various types took part in the 1986 study. This particular volume is the result of financial information contributed by 21 Quick Printers across the United States and Canada.

To help readers compare their own financial statements to those of other quick printing firms, the data is presented here by sales volume - for example, sales to $250,000, sales from $250,000 to $500,000, etc. Readers can compare their firm's operations with other firms having the same sales volume in four areas: Operations based on Sales and its Supporting Schedules, Balance Sheet Ratios, Significant Facts, and Return on Investment.

The importance of sharing this type of information among members of the graphic arts community cannot be overemphasized. Such a comparative analysis enhances the health of both individual firms and the graphic arts industry as a whole. Consequently, we urge that all firms put these ratios to use in making effective and profitable financial decisions.

H. R. Margolis Company

H. R. MARGOLIS COMPANY

PRINTING INDUSTRIES OF AMERICA, INC.

1730 North Lynn Street, Arlington, VA 22209 (703) 841-8100

1986 is the 63rd year in which Printing Industries of America, Inc. has collected and published detailed financial ratio information for members of the graphic arts community. The data presented each year provide a detailed and comprehensive picture of the financial status of the major segments of the graphic arts industries in the U.S. and Canada. It allows individual firms to compare their annual performance with that of many other similar firms, including those which earn well above-average profits. Ratio results are published annually. They are summarized as follows:

- Management Guide to the PIA Ratios
- All Printers by Sales Volume
- All Printers by Product Specialty
- All Printers by Geographic Area
- Sheetfed Printers by Size and Geographic Area
- Web Offset Printers — Heatset
- Web Offset Printers — Non-Heatset
- Combination Offset — Sheetfed/Web
- Book Manufacturers' Ratios
- Large Printers' Ratios
- Typographers' Ratios
- Preparatory Specialists' Ratios
- Binders' Ratios
- Quick Printers

For a more complete composite picture of your company's performance relative to the industry as a whole, several books could be used in your analysis, such as one of the overview volumes, e.g., *All Printers by Sales Volume*, and one that addresses your particular business segment or production process, e.g., *Book Manufacturers or Web Offset — Heatset*, respectively. Alternatively, such analysis is facilitated by participating in the Ratio Study each year and ordering an individual company computer printout which compares a participant's ratios to those of companies which are similar in size and sales volume, produce the same products, and use the same manufacturing process.

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REPORT ON OPERATIONS - SALES = 100%

	ALL FIRMS REPORTING		SALES TO $250,000**
	ALL FIRMS	PROFIT LEADERS*	ALL FIRMS
SALES OR VALUE OF PRODUCT PRODUCED	100.00%	100.00%	100.00%
FACTORY COST OF PRODUCT			
MATERIALS			
Paper	14.44	13.27	14.69
Other chargeable materials	3.93	5.06	4.25
Outside services	12.36	13.25	11.85
TOTAL MATERIALS	30.73	31.58	30.79
FACTORY PAYROLL	23.16	23.44	26.73
FACTORY EXPENSES	16.58	14.19	15.62
TOTAL FACTORY COST OF PRODUCT	70.47	69.21	73.14
GROSS PROFIT	29.53	30.79	26.86
ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	13.54	10.85	9.32
Selling expenses	8.88	6.69	9.93
TOTAL ADMINISTRATIVE AND SELLING EXPENSES	22.42	17.54	19.25
INCOME BEFORE INTEREST EXPENSE	7.11	13.25	7.61
Interest expense	2.32	0.66	5.96
OPERATING INCOME	4.79	12.59	1.65
Other income	0.79	0.99	2.03
INCOME BEFORE INCOME TAXES	5.58	13.58	3.68

SUPPORTING SCHEDULES - SALES = 100%

OTHER CHARGEABLE MATERIALS			
Ink	0.84%	0.78%	2.31%
Film	0.73	0.68	0.00
Plates	0.76	1.20	0.00
Other chargeable materials	1.60	2.40	1.94
TOTAL OTHER CHARGEABLE MATERIALS	3.93	5.06	4.25
OUTSIDE SERVICES			
Composition	0.89	1.28	0.00
Offset preparation	0.42	0.02	0.00
Printing	6.24	8.98	3.07
Binding	0.31	0.02	0.00
Other outside services	4.50	2.95	8.78
TOTAL OUTSIDE SERVICES	12.36	13.25	11.85

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Sample insufficient for Profit Leaders.

SALES FROM $250,000-$500,000**	SALES FROM $500,000-$1,500,000		SALES FROM $5,000,000-$10,000,000**
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
100.00%	100.00%	100.00%	100.00%
16.18	14.70	13.77	8.76
3.46	4.29	5.16	4.19
10.67	16.85	16.53	6.53
30.31	35.84	35.46	19.48
23.42	21.62	20.30	26.26
17.99	13.98	12.81	22.02
71.72	71.44	68.57	67.76
28.28	28.56	31.43	32.24
14.56	12.46	11.42	14.05
8.89	6.87	5.97	8.98
23.45	19.33	17.39	23.03
4.83	9.23	14.04	9.21
1.84	1.87	0.72	0.91
2.99	7.36	13.32	8.30
0.83	0.29	1.28	0.59
3.82	7.65	14.60	8.89
0.61%	0.68%	0.94%	1.39%
0.94	0.56	0.47	0.61
0.86	0.91	1.43	0.29
1.05	2.14	2.32	1.90
3.46	4.29	5.16	4.19
0.83	1.36	2.14	0.12
0.26	0.17	0.00	0.63
7.24	6.26	9.55	5.08
0.31	0.14	0.00	0.42
2.03	8.92	4.84	0.28
10.67	16.85	16.53	6.53

SUPPORTING SCHEDULES - SALES = 100%

	ALL FIRMS REPORTING		SALES TO $250,000**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
FACTORY PAYROLL			
Salaries - executive	3.11%	2.38%	6.12%
Direct wages	14.88	15.22	16.72
General factory salaries and wages	1.30	1.62	0.00
Packing, shipping and delivery wages	0.73	0.79	0.69
Payroll taxes	1.64	1.68	2.00
Employee benefits	1.50	1.75	1.20
TOTAL FACTORY PAYROLL	23.16	23.44	26.73
FACTORY EXPENSES			
Fixed Expenses			
Depreciation - real estate	0.20	0.00	0.71
Depreciation - other	3.99	3.20	5.52
Taxes - real estate	0.10	0.02	0.15
Taxes - other	0.17	0.10	0.36
Insurance	0.54	0.33	1.34
Building rent	3.56	2.64	2.17
Utilities - heat, light, etc.	0.87	0.70	0.96
Equipment rental	2.96	2.96	0.00
Total Fixed Expenses	12.39	9.95	11.21
Other Expenses			
Factory supplies and expense	0.76	1.00	0.75
Packing, shipping and delivery expense	0.90	1.72	0.30
Repairs and maintenance	1.86	1.38	2.15
Other factory expenses	0.67	0.14	1.21
Total Other Expenses	4.19	4.24	4.41
TOTAL FACTORY EXPENSES	16.58	14.19	15.62
ADMINISTRATIVE EXPENSES			
Salaries - executive	5.50	3.34	4.62
Salaries - office	1.94	2.11	0.28
Payroll taxes	0.52	0.35	0.36
Employee benefits	0.63	0.90	0.29
Bad debts	0.49	0.45	0.01
Office supplies and expenses	0.98	0.89	0.94
Professional fees	0.94	0.80	0.85
Taxes - business	0.09	0.15	0.00
Telephone	0.72	0.78	0.70
Other administrative expenses	1.73	1.08	1.27
TOTAL ADMINISTRATIVE EXPENSES	13.54	10.85	9.32
SELLING EXPENSES			
Salaries - executive	1.60	1.80	2.51
Salaries and commissions - salesmen	1.30	1.37	0.41
Salaries - sales office clerical	0.83	0.57	0.00
Payroll taxes	0.28	0.26	0.22
Employee benefits	0.25	0.18	0.17
Advertising	2.23	1.52	4.25
Travel and entertainment	0.70	0.66	0.63
Other selling expenses	1.69	0.33	1.74
TOTAL SELLING EXPENSES	8.88	6.69	9.93

** Sample insufficient for Profit Leaders.

SALES FROM $250,000-$500,000**	SALES FROM $500,000-$1,500,000		SALES FROM $5,000,000-$10,000,000**
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
1.71%	3.14%	2.35%	5.71%
18.02	11.26	12.21	15.18
0.21	3.20	2.43	0.41
0.42	0.92	0.48	0.99
1.32	1.81	1.43	2.03
1.74	1.29	1.40	1.94
23.42	21.62	20.30	26.26
0.14	0.14	0.00	0.00
4.26	3.59	3.57	2.66
0.12	0.08	0.03	0.00
0.20	0.05	0.04	0.25
0.60	0.30	0.19	0.18
4.80	2.79	1.96	3.46
1.14	0.65	0.69	0.63
3.53	2.14	1.61	7.30
14.79	9.74	8.09	14.48
0.78	0.82	1.26	0.73
0.71	1.19	2.05	1.25
1.43	1.35	1.24	4.60
0.28	0.88	0.17	0.96
3.20	4.24	4.72	7.54
17.99	13.98	12.81	22.02
7.98	2.82	3.16	5.76
0.87	3.31	2.09	2.33
0.60	0.46	0.32	0.54
0.69	0.63	1.00	0.72
0.44	0.38	0.65	0.15
0.85	0.86	0.91	0.83
0.72	1.02	0.87	0.88
0.05	0.14	0.22	0.15
0.88	0.67	0.76	0.55
1.48	2.17	1.44	2.14
14.56	12.46	11.42	14.05
1.28	1.62	1.67	2.19
0.95	1.77	1.10	2.60
0.72	0.41	0.74	0.51
0.16	0.34	0.29	0.33
0.28	0.15	0.09	0.40
2.28	1.55	1.07	1.40
0.84	0.65	0.67	0.73
2.38	0.38	0.34	0.82
8.89	6.87	5.97	8.98

BALANCE SHEET

	ALL FIRMS REPORTING		SALES TO $250,000**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
ASSETS			
CURRENT ASSETS			
Cash	14.75%	23.62%	21.79%
Receivables	27.18	30.59	15.09
Inventories	6.39	10.56	2.45
Other current assets	3.22	1.06	1.51
TOTAL CURRENT ASSETS	51.54	65.83	40.84
FIXED ASSETS			
Real estate	4.56	0.42	25.96
Less: Accumulated depreciation	0.37	0.00	0.61
	4.19	0.42	25.35
Machinery and equipment	76.45	67.34	94.14
Less: Accumulated depreciation	43.50	42.10	71.95
	32.95	25.24	22.19
Other fixed assets	13.54	10.40	11.32
Less: Accumulated depreciation	6.25	6.38	5.43
	7.29	4.02	5.89
NET FIXED ASSETS	44.43	29.68	53.43
OTHER ASSETS	4.03	4.49	5.73
TOTAL ASSETS	100.00	100.00	100.00
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Notes payable	10.42	3.58	12.76
Accounts payable	9.98	9.15	11.26
Other current liabilities	7.13	7.87	4.89
TOTAL CURRENT LIABILITIES	27.53	20.60	28.91
LONG-TERM LIABILITIES	36.00	20.73	40.51
TOTAL LIABILITIES	63.53	41.33	69.42
SHAREHOLDERS' AND PROPRIETORS' EQUITY	36.47	58.67	30.58
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00

BALANCE SHEET RATIOS

CURRENT RATIO	1.87	3.20	1.41
QUICK RATIO	1.64	2.68	1.33
TOTAL LIABILITIES TO EQUITY	1.74	0.70	2.27
LONG-TERM LIABILITIES TO EQUITY	0.99	0.35	1.32
ACCUMULATED DEPRECIATION - MACHINERY AND EQUIPMENT TO TOTAL MACHINERY AND EQUIPMENT	0.57	0.63	0.76

** Sample insufficient for Profit Leaders.

SALES FROM $250,000-$500,000**	SALES FROM $500,000-$1,500,000		SALES FROM $5,000,000-$10,000,000**
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
10.31%	16.67%	27.94%	17.53%
28.32	27.19	25.63	40.76
6.36	8.97	11.81	5.05
2.59	3.19	0.45	1.11
47.58	56.02	65.83	64.45
1.97	0.30	0.70	0.00
0.73	0.00	0.00	0.00
1.24	0.30	0.70	0.00
73.62	78.83	74.33	51.63
36.23	44.26	44.80	25.68
37.39	34.57	29.53	25.95
17.78	7.75	4.31	17.27
7.66	3.89	2.35	8.37
10.12	3.86	1.96	8.90
48.75	38.73	32.19	34.85
3.67	5.25	1.98	0.70
100.00	100.00	100.00	100.00
9.54	12.05	3.83	4.20
7.89	12.06	8.76	9.29
4.60	8.76	6.66	17.54
22.03	32.87	19.25	31.03
50.09	25.27	14.39	17.19
72.12	58.14	33.64	48.22
27.88	41.86	66.36	51.78
100.00	100.00	100.00	100.00
2.16	1.70	3.42	2.08
1.87	1.43	2.81	1.91
2.59	1.39	0.51	0.93
1.80	0.60	0.22	0.33
0.49	0.56	0.60	0.50

SIGNIFICANT FACTS

	ALL FIRMS REPORTING		SALES TO $250,000**
	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT			
Average assets per employee - All employees	$ 22,431	$ 22,434	$ 32,462
Average assets per factory employee (Excluding Executives)	35,905	35,649	38,385
Average net worth per employee - All employees	8,801	14,235	12,348
Average gross plant investment per factory employee (Excluding Executives)	33,362	26,421	48,691
Net worth percentage of fixed assets	109.45%	247.55%	60.38%
EMPLOYEES			
Percent factory - All employees	71.24%	74.35%	83.33%
Percent administrative - All employees	17.59	14.78	10.67
Percent sales - All employees	11.17	10.87	6.00
SALES - VALUE OF PRODUCT PRODUCED INCLUDING EXECUTIVES			
Sales per employee - All employees	$ 55,790	$ 59,748	$ 52,201
Sales per factory employee	82,629	81,942	62,515
Sales less material per factory employee	57,193	55,881	43,161
Sales per administrative employee	388,239	444,822	202,676
EXCLUDING EXECUTIVES			
Sales per employee - All employees	71,600	69,874	72,503
Sales per factory employee	91,308	91,848	77,544
Sales less material per factory employee	63,254	62,581	54,072
SALES PER SALESMAN	212,476	363,667	0
SALES TO CURRENT ASSETS	602%	473%	714%
PAYROLL - INCLUDING TAXES AND BENEFITS INCLUDING EXECUTIVES			
Total payroll percentage of sales	36.01%	34.31%	35.59%
Factory payroll percentage of gross plant investment	98.21	108.91	65.48
Payroll per employee - All employees	$ 20,057	$ 20,410	$ 17,684
Payroll per factory employee	18,154	18,389	16,651
Payroll per administrative employee	31,825	33,866	16,038
Payroll per sales employee	17,176	20,015	8,338
PAYROLL - EXCLUDING TAXES AND BENEFITS EXCLUDING EXECUTIVES			
Payroll per employee - All employees	$ 14,640	$ 14,477	$ 13,063
Payroll per factory employee	14,486	14,814	13,213
Payroll per administrative employee	9,640	12,824	3,120
Payroll per sales employee	12,143	12,657	3,120
EXECUTIVE PAYROLL			
Payroll per executive - All executives	31,041	32,121	15,111
Payroll per factory executive	20,229	19,149	13,933
Payroll per administrative executive	37,419	55,284	16,288
Payroll per sales executive	22,307	42,250	9,489
RECEIVABLES			
Collection period	36.5	41.4	22.8
PROFIT			
Gross profit percentage of sales	29.53%	30.79%	26.86%
Average gross profit per factory employee	$ 28,008	$ 29,099	$ 21,317
Income before taxes percentage of sales	5.58%	13.58%	3.68%
Average income before taxes per employee	$ 3,250	$ 8,168	$ 2,032

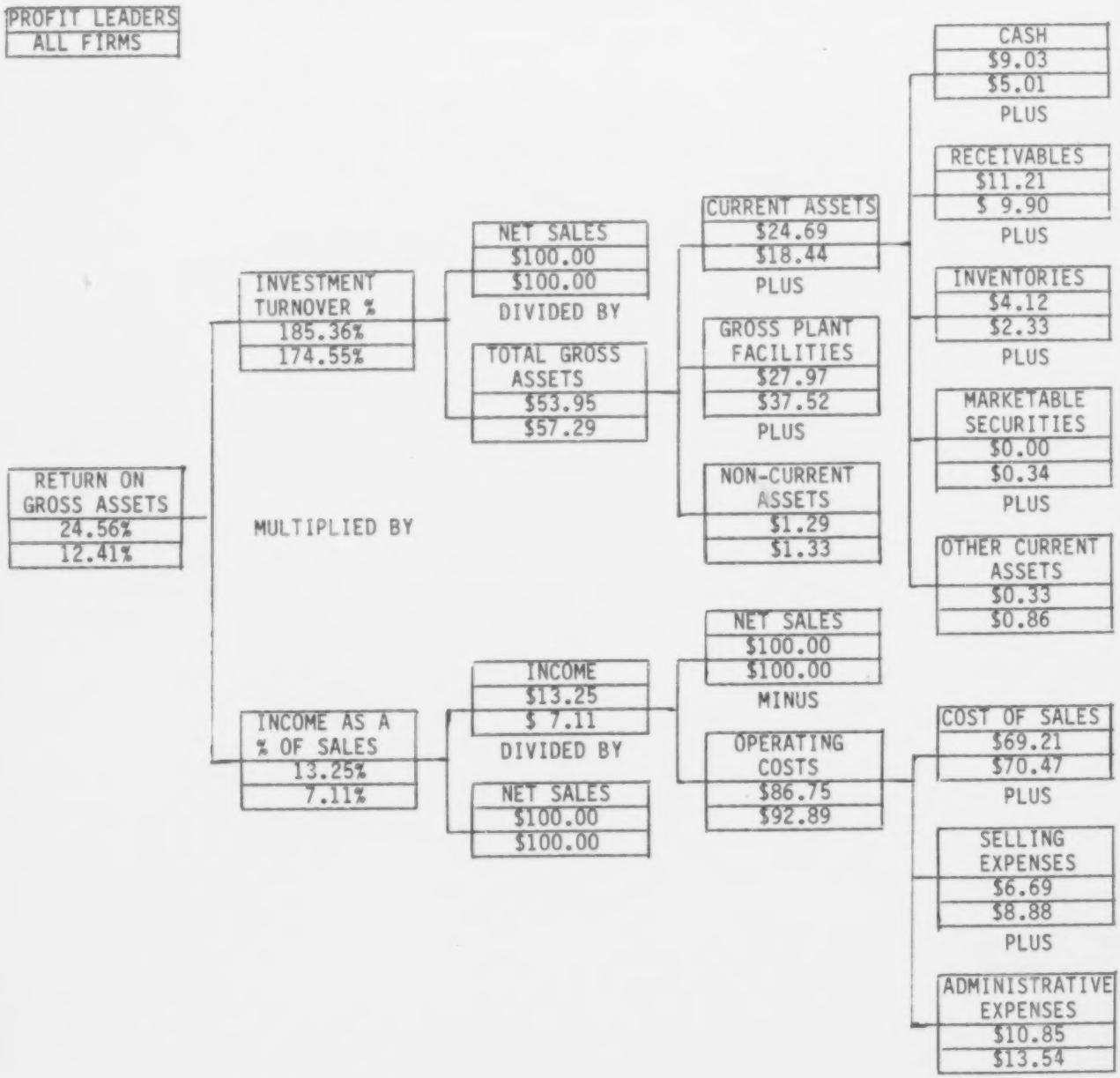
** Sample insufficient for Profit Leaders.

SALES FROM $250,000-$500,000**	SALES FROM $500,000-$1,500,000		SALES FROM $5,000,000-$10,000,000**
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
$ 20,016	$ 22,769	$ 26,260	$ 18,754
36,656	36,389	44,592	26,573
5,956	10,143	17,920	10,017
34,386	29,660	34,821	17,344
58.69%	144.95%	243.00%	251.36%
66.34%	72.56%	69.22%	81.68%
23.36	15.54	16.46	10.56
10.30	11.90	14.32	7.76
$ 54,467	$ 58,471	$ 62,400	$ 56,217
88,562	81,567	91,158	68,905
61,234	52,477	59,128	55,454
420,253	391,178	380,979	582,650
74,307	71,018	75,875	66,693
92,895	93,140	104,093	79,656
64,271	60,039	67,431	64,111
0	185,833	233,333	347,000
631%	547%	395%	515%
36.94%	33.14%	30.76%	41.66%
86.42	115.00	68.04	158.61
$ 20,475	$ 19,296	$ 19,131	$ 23,521
19,306	17,362	18,083	17,936
34,862	27,208	25,912	56,771
10,635	21,243	16,878	42,493
$ 15,193	$ 14,467	$ 14,040	$ 14,651
15,644	13,842	14,752	13,119
3,088	15,728	11,501	18,984
5,548	18,167	12,567	29,943
30,360	28,586	30,583	51,089
20,266	23,385	21,987	28,592
30,124	32,179	40,501	104,667
16,000	17,390	13,670	95,121
38.1	37.5	39.5	51.3
28.28%	28.56%	31.43%	32.24%
$ 27,140	$ 27,276	$ 33,116	$ 26,131
3.82%	7.65%	14.60%	8.89%
$ 2,001	$ 4,769	$ 9,118	$ 5,176

SALES FROM $250,000-$500,000**	SALES FROM $500,000-$1,500,000		SALES FROM $5,000,000-$10,000,000**
ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
$ 20,016	$ 22,769	$ 26,260	$ 18,754
36,656	36,389	44,592	26,573
5,956	10,143	17,920	10,017
34,386	29,660	34,821	17,344
58.69%	144.95%	243.00%	251.36%
66.34%	72.56%	69.22%	81.68%
23.36	15.54	16.46	10.56
10.30	11.90	14.32	7.76
$ 54,467	$ 58,471	$ 62,400	$ 56,217
88,562	81,567	91,158	68,905
61,234	52,477	59,128	55,454
420,253	391,178	380,979	582,650
74,307	71,018	75,875	66,693
92,895	93,140	104,093	79,656
64,271	60,039	67,431	64,111
0	185,833	233,333	347,000
631%	547%	395%	515%
36.94%	33.14%	30.76%	41.66%
86.42	115.00	68.04	158.61
$ 20,475	$ 19,296	$ 19,131	$ 23,521
19,306	17,362	18,083	17,936
34,862	27,208	25,912	56,771
10,635	21,243	16,878	42,493
$ 15,193	$ 14,467	$ 14,040	$ 14,651
15,644	13,842	14,752	13,119
3,088	15,728	11,501	18,984
5,548	18,167	12,567	29,943
30,360	28,586	30,583	51,089
20,266	23,385	21,987	28,592
30,124	32,179	40,501	104,667
16,000	17,390	13,670	95,121
38.1	37.5	39.5	51.3
28.28%	28.56%	31.43%	32.24%
$ 27,140	$ 27,276	$ 33,116	$ 26,131
3.82%	7.65%	14.60%	8.89%
$ 2,001	$ 4,769	$ 9,118	$ 5,176

RETURN ON INVESTMENT (ROI) CHART - ALL FIRMS REPORTING

RETURN ON INVESTMENT CHART - BASE: $100 OF SALES



RETURN ON INVESTMENT - PER $100 OF SALES

	SALES TO $250,000**	SALES FROM $250,000-$500,000**	SALES FROM $500,000-$1,500,000		SALES FROM $5,000,000-$10,000,000**
	ALL FIRMS	ALL FIRMS	ALL FIRMS	PROFIT LEADERS	ALL FIRMS
INVESTMENT					
Current Assets:					
Cash	$ 5.45	$ 3.54	$ 6.55	$11.41	$ 5.87
Receivables	6.24	10.28	10.23	10.82	13.61
Inventories	1.15	1.96	3.67	5.29	1.68
Marketable securities	0.00	0.00	0.42	0.00	0.00
Other current assets	1.51	0.71	0.91	0.17	0.37
	14.35	16.49	21.78	27.69	21.53
Plant Investment:					
Land and building	30.05	1.13	0.11	0.26	0.00
Machinery and equipment	32.97	28.15	29.33	30.85	17.15
Other fixed assets	5.69	5.58	3.20	1.70	5.74
	68.71	34.86	32.64	32.81	22.89
Non-Current Assets	1.48	1.18	1.95	0.75	0.23
TOTAL INVESTMENT	84.54	52.53	56.37	61.25	44.65
INVESTMENT TURNOVER PER $100 OF SALES	118.29%	190.37%	177.40%	163.27%	223.96%
EARNINGS					
Cost of Product	$73.14	$71.72	$71.44	$68.57	$67.76
Selling Expenses	9.93	8.89	6.87	5.97	8.98
Administrative Expenses	9.32	14.56	12.46	11.42	14.05
	92.39	95.17	90.77	85.96	90.79
Income Before Interest, Other Income and Taxes	7.61	4.83	9.23	14.04	9.21
RETURN ON INVESTMENT - INVESTMENT TURNOVER X INCOME	9.00%	9.19%	16.37%	22.92%	20.63%

** Sample insufficient for Profit Leaders.

ABSOLUTE DATA

	NUMBER OF PARTICIPATING FIRMS	AVERAGE FIRM REPORTING** TOTAL ASSETS	SALES OR VALUE OF PRODUCTION	TOTAL INCOME
TOTAL - ALL FIRMS	21	$440,000	$1,246,000	$ 99,000
TOTAL - PROFIT LEADERS*	5	846,000	2,413,000	309,000
BY SIZE OF FIRM				
ALL FIRMS				
0-$250,000	3	112,000	218,000	8,000
$250,000-$500,000	8	128,000	358,000	13,000
$500,000-$1,500,000	7	397,000	1,014,000	76,000
$5,000,000-$10,000,000	2	2,269,000	6,795,000	667,000
PROFIT LEADERS				
$500,000-$1,500,000	3	425,000	1,063,000	148,000

HOW THE NUMBERS ARE COMPUTED

The PIA Ratios are computed by the method of relative or common size. With this method each company's dollars are converted into a percentage to the total. Then these percentages are added in total and within a given sales class. This is a very simple way of avoiding what is known as self-weighting when various magnitudes are involved. With this method each company is given equal weight regardless of its size.

The following example illustrates how this calculation process eliminates the problem of the ratios giving inordinate weight to the results of very large firms.

Firm	Sales	Factory Payroll	% of Sales: Firm's Ratio Factory Payroll	% of Sales: PIA Ratio Factory Payroll
A	$ 200,000	$ 60,000	30.0%	
B	500,000	100,000	20.0	
C	8,000,000	975,000	12.2	
			62.2% divided by 3 = 20.7%	

* "Profit Leaders" are those firms which earned 8% or greater pretax profits on sales.
** Unlike the ratios shown in this book, these figures are arithmetic averages.

BASIC GUIDE TO USING YOUR QUICK PRINTERS' RATIO STUDY

You have to know where you stand to make accurate decisions concerning your future. This guide to the ratio study, provided by the American Quick Printing Association, will give you a brief explanation of the purpose of the ratio study and a basic procedure to use to assess information about your shop.

The PURPOSE of the Quick Printers' Ratio Study is to serve as a guide to problem areas in your shop which can inhibit your growth and profitability. The study pinpoints:

- Where other quick printers of your sales volume are financially.
- Profit leaders in your sales volume.
- Problem areas, specifically from paper costs to getting a return on your investment.
- Significant facts expressed both in dollar amounts and percentages that pinpoint areas that need your attention.

WHY RATIOS? The Report on Operations and the Supporting Schedules are presented in percentage form based on sales while the Balance Sheet is presented in percentage form based on total assets as a base of 100%. Therefore, convert your statements to percentages of your sales volume or total assets to make specific comparisons. The PIA Ratio Study Program utilizes percentages because dollar amounts can vary for each quick printing shop, but percentages using sales volume or total assets as a base of 100% provide a common denominator for more accurate comparison.

THE BASIC PROCEDURE to use the Quick Printers' Ratio Study is to prepare your Statement of Operations and Balance Sheet, based on percentages. You can do this, one item at a time comparing each item as you progress...or convert your information at one time, then compare taking special note of problem areas. If you participated in the study, it is a good idea to get your copy of your input and the Chart of Accounts provided by PIA to refresh your understanding of the data.

Compare your percentages to the profit leaders in your sales volume category. If you see a large discrepancey in a particular area, multiply and convert the figures back to dollars, using your sales volume as a base, to get the actual cost of this problem area to your shop. By using this comparison, the study can give you specific direction as to where you can increase your current profits by focusing more effective management controls on areas that are not pulling their weight in your operation.

You now have a standard to investigate and improve your operation. Now that you are familiar with the use of this study, as you participate each year, make it a habit to thoroughly check your shop at least yearly to see how you measure with your peers in each of the categories.

KEEP IN MIND in working with this data, that when you participate, your firm's individual ratios are computed, then combined with individual ratios of other similar firms, rather than being based on a total dollar sum percentage for a group of companies. The result is a more representative ratio of the quick printing industry on a "common size basis"...where your shop is directly reflected and also used to evaluate other operations. A more specific guide, going step-by-step through a sample firm evaluation, is available in the first volume of the PIA Ratio Studies.